

Beyond Manufacturing: A New Competitiveness Agenda for the EU in partnership with retail and wholesale

Introduction

Four big challenges will shape the EU in the coming years:

1. Growing concerns about economic security and political instability.
2. Growing impact of climate change and opportunities of digital technology revolutions and circularity.
3. Growing investment, innovation, technological and compliance gap between EU and non-EU companies and lack of R&I to harness circular and digital transitions.
4. Demographic change and the risk of regions getting left behind.

These challenges require a new, ambitious EU competitiveness strategy with targeted and impactful solutions, building on the core values and strengths of the EU project. They are the backdrop to Mario Draghi's report on EU competitiveness and lie behind his recommendations.¹ In that report, retail and wholesale get two positive mentions but there is no further discussion about how the sector's competitiveness could be strengthened.² This position paper explains why **any effective EU competitiveness strategy needs to look beyond manufacturing and include the whole supply chain and the services sectors**. As key partners of value chains, **retail and wholesale are ideally placed and needed to help implement and coordinate solutions along the value chain** to offer custom solutions to customers.³

The largest service sector, retail and wholesale, creates over 10% of EU GDP and distributes goods over a billion times a day, providing an essential service to millions of businesses and individual customers. Our sector generates 1 in 7 jobs, offering careers to 26 million Europeans, many of them young people. Additionally, we create millions of indirect jobs throughout the supply chain, from small local suppliers to international businesses.

¹ [EU competitiveness: Looking ahead - European Commission \(europa.eu\)](#)

² At page 23: "the EU outperforms the US in mid-technology sectors like manufacturing of transport equipment, agriculture and in the wholesale and retail sectors. The latter reflects catching up effects to key innovations that had been introduced in the US in the previous decade such as in e-commerce and online retail reaching larger customer bases, implementation of advanced inventory management systems, digital payment systems, data analytics and robotics, and automation". At page (page 298): "...company performance is increasingly divergent, with the size, productivity and wages of a few 'superstar companies' pulling ahead of the rest, most notably in the high-tech digital sectors, but in other sectors as well (e.g. retail, wholesale, finance, etc.)."

³ See also: [Draghi Report: Retail and wholesale key to EU competitiveness - EuroCommerce](#)

Our manifesto for 2024-2029⁴ outlines how we, as the retail and wholesale sector, can lead by example on the European and global stage. It also highlights the crucial role that the EU institutions play in working with us to transform these challenges into opportunities for a stronger, more competitive, circular and resilient Europe.

Challenge 1: Growing concerns about economic security

Recent events have underscored the **need for a proactive approach to address the EU's economic security concerns**. This approach, driven by a positive agenda **that reinforces the EU's values and openness to trade partners should focus on the diversification of supply chains and strengthening the Single Market**. It should not be a mere reaction to more protectionist policies, but instead outline a comprehensive strategy that includes structural reforms and includes essential long-term aspects such as infrastructure investment and a real Single Market for citizens and trade. This proactive stance is necessary to enhance our ability to navigate and overcome economic challenges and shocks, to ensure a more secure and resilient EU economy.

Retailers and wholesalers need a competitiveness agenda shaped by an EU that:

- **Acts bold and bravely on the Single Market, valuing free and fair competition.** Ensuring that the horizontal Single Market Strategy is developed in a way that puts enforcement at the forefront, ensures the removal of barriers and improves the business environment with concrete actions to improve and simplify legislation and address fragmentation.
- **Equips itself with the tools to support diversification,** such as ambitious trade agreements that support market access, safeguard investments, secures mutual reliance, and supports and protects global trade routes.
- **Values the variety and diversity of business models, which support resilience** and prioritises the conditions that **foster the growth of new entrants and business models** (e.g. supporting start-ups by reducing administrative burden and increasing access to capital).
- **Invests in infrastructure** and reduces costs (e.g. energy, recycling, waste).

Acting boldly and bravely on the Single Market and ensuring free and fair competition is an absolute necessity to drive the competitiveness of our companies.

Our companies and customers have greatly benefitted from the Single Market, with fair competition driving innovation. The free movement of services and the Services Directive enabled us to reach many more customers across the EU. The free movement of goods enabled us to provide equal access to customers with a wider choice of products at lower prices throughout Europe. The freedom of establishment gave us flexibility to choose our location and to have a presence in various EU countries. Fair competition enabled us to innovate and thrive. In turn, consumers have also had benefits from better products and lower prices for consumers.⁵

We have made recommendations on the actions needed to enable our businesses to operate in the Single Market⁶ and we support those contained in the Letta report⁷. The Letta report needs to be

⁴ [EuroCommerce Manifesto 2024-2029 - EuroCommerce](#)

⁵ [EUR-Lex - 52023DC0162 - EN - EUR-Lex](#)

⁶ [30th anniversary of the Single Market \(eurocommerce.eu\)](#)

⁷ [20240524-turn-words-into-action-make-the-single-market-work-for-all.pdf \(eurocommerce.eu\)](#)

turned into action and the progress made monitored and explanations given on why recommendations are not taken up.

Retailers and wholesalers need bold and brave action on the Single Market:

- **Member States should stop introducing new regulation and restrictions to free movement, dismantle existing barriers⁸, and the EU institutions should only move ahead with new initiatives that truly deepen and strengthening the Single Market and do not codify fragmentation into EU law.**
- **All EU institutions need to renew their commitment to enforce Single Market rules more strongly with a more rational, objective and automatic infringement process,** . Acting more assertively in the period when rules are transposed into national law to stop fragmentation or barriers arising ahead of them coming into force. Ensuring that the actions of private companies that deliberately act to fragment the Single Market, while reaping the benefits themselves, are also tackled.⁹
- **Priority should be given to legal certainty and predictability,** to support large scale investments, to have a more singular approach and harmonisation of definitions and requirements across Member States.
- **Create a safe environment for businesses to table issues without fear of repercussions** where critical Single Market, Rule of Law, or infringements on the freedom to conduct a business are jeopardised, **to preserve competitiveness.**

The Single Market needs to be a competitive arena based on a free market economy. The inflation crisis and rising costs arising from e.g., supply chain disruption, protectionism, climate events, energy costs and the sustainability transformation have led to a growing interest in measures that go against best practices in economic policy, such as margin caps, and intervention in free negotiation. While these often have the good intent of helping groups such as farmers, SME manufacturers, and consumers during difficult times, history has shown they are often costly and inefficient (at times even counterproductive), mostly due to (predictable but) unintended side effects. Such rules also create market entry barriers, reducing competition and ultimately, risks harming consumers.

Retailers and wholesalers need:

- The EU to **return to the open market economy**, resisting the temptation of ‘quick fixes’ that may initially sound appealing but in fact undermine the healthy functioning of free markets.
- **A reality-checked*, supportive competitiveness strategy enabling proper, strong and fair competition in well-functioning markets at its heart.**

*Reality checked means cost-efficient, proportional, based on a gap analysis, achieve their intended goal and mapped with stakeholders to identify harmful unintended side-effects once implemented.

⁸ See: [Single Market Barriers Overview - EuroCommerce](#)

⁹ See: [It's high time for the Single Market to benefit all - EuroCommerce](#)

As recognised in the Retail Transition Pathway¹⁰, the pandemic has influenced the way people buy, where and what they buy. This pressure on retail and wholesale has opened new markets and new fronts of competition.

Competition from third-country traders and marketplaces targeting EU-based customers has increased. These third-country players are quickly gaining significant market share online within Member States in the EU. However, part of their rapid growth in the EU is based on aggressive marketing practices, misleading consumers, not respecting EU consumer protection rules, offering products that do not follow EU product safety or sustainability rules, lacking due diligence, vigilance in value chains, free riding customs and extended producer responsibility obligations, etc.

This results in unfair competition that undermines a healthy and competitive online EU retail and wholesale sector and is detrimental to consumers' rights and safety.

Even though these practices are prohibited under EU law and hefty penalties and fines can be imposed, enforcement authorities often fail or are not sufficiently able to enforce the rules in their territory or coordinate effective and efficient action via EU coordination bodies. Enforcement is scattered over different policy areas and national and regional competent authorities and lacks EU supervision. **More coordination at EU level is essential, as well as capacity building and support from the EU to national competent authorities to ensure they are fit for purpose to deliver on customs and border inspections.**

We want an **EU-level playing field** for retail and wholesale for **all players** targeting EU-based consumers, no matter where they are established or what sales channel they use. For that we need a **multi-faceted approach** based on **existing legal instruments** that aims to incentivise competent authorities, Member States and the European Commission to create an **effective and efficient cross-border enforcement** strategy and allocate sufficient resources to achieve this goal.¹¹

Having the tools to help diversify value chains and sourcing (e.g. via trade agreements and mutual reliance) and having access to well-functioning, secure and resilient global trade routes supports the ambition of EU economic security.

Understanding better our reliance on third countries needs to remain a priority. Many retailers and wholesalers had to adapt due to supply chain shocks, such as the invasion of Ukraine, the blockage caused by the Ever Given in the Suez Canal and recent shipping security issues in the Red Sea. Such events bring EU citizens an awareness of how important global markets are, as they lead to first hand experiences of sudden delays and can result in severe shortages (e.g. critical medicines, in receiving building materials used in their homes or the availability of furniture, sports shoes and laptops that are often taken for granted). Meanwhile, other markets outside the EU are increasing their competitiveness to seize the opportunities and geographical relevance in the Mediterranean area (e.g. Turkey, Morocco) or reinvigorating their commercial relationships with their neighbours (e.g. the US with its continental neighbours). These are themes recognised in the Draghi report where there is an emphasis on understanding and not increasing dependencies and a call for a cooperative approach.

Using experience from past shocks to better analyse policy needs in dialogue with stakeholders will help us understand how **global supply chains can increase preparedness and help resolve over-reliance before disaster strikes.** Once we have implemented most lessons from the past, it merits also developing scenarios for possible future 'black swan events' to inform policy design.

¹⁰ [A TRANSITION PATHWAY FOR A MORE RESILIENT, DIGITAL AND GREEN RETAIL ECOSYSTEM \(europa.eu\)](#)

¹¹ See: [#Compliance4All – Retailers call for a level playing field - EuroCommerce](#)

Retailers and wholesalers need the EU to have a more assertive, smart and open trade approach to external relations, and in particular:

- **Examine more supply chains to:**
 - increase fair competition;
 - improve information flows so that decisions made under pressure are based on facts and figures;
 - avoid over-reliance on one supplier, especially for critical products, components, raw materials, ingredients or parts.
- **Truly understand how legislation will affect non-European suppliers** (e.g. learning from the experience of due diligence and packaging requirements) and give more importance to this in impact assessments to understand if it will strengthen or undermine the diversity of supply and if non-EU suppliers are prepared or willing to adapt and at whose cost.
- **Conduct a resilience analysis of EU transport and logistics routes** that need to be protected to avoid disruptions due to lack of supply, including:
 - Defining investment priorities on route infrastructure and allocate financial resources to develop them if they are not currently covered by the TEN-T or EU Mobility strategy.
 - Connecting Europe with its most important neighbours with the most effective means of transport.
 - Removing circulation barriers by creating heterogeneous requirements for transport carriers between Member States.
 - Developing a real single airspace for the EU.
- **Invest more in tracking down and addressing new vulnerabilities** (e.g. cybersecurity, resource and tech oligopolies, especially in markets that tend towards natural oligopolies due to large economies of scale and/or scarce availability).
- **Complete free trade agreements to promote investment certainty, partner with third countries with growth potential while promoting diversification** to balance the need for resilience with efficiency and standardisation.¹² Create more impetus for dynamic and innovative economic relations in partnerships with emerging and developing countries.
- **Foster mutual reliance** so that the EU's trading partners need the EU as much as we need them to balance power and depoliticalise trade and de-risk imports (i.e. reduce the risk of retaliatory trade measures) in targeted product categories.
- **De-risk and guarantee hands-on protection of global trade routes** as a key element of the EU's defence strategy.
- **Resume and advance the well-known considerations for a constitutional reform of the EU with strong and effective Common Foreign and Security Policy (CFSP) and Security and Defence Policy (GSVP)**, to give the EU the appropriate weight in foreign and security policy. In a rapidly changing world order, the EU must be able to independently define its own strategic goals and develop the ability to pursue them, to secure the business of its exporters and importers in economic and, above all, security policy terms.

¹² <https://www.eurocommerce.eu/5-international-trade/>

Build resilience based on the strength in diversity of retail and wholesale business models.

We offer strength in diversity, providing choice and stability to the EU's customers. Retail includes a large variety of business models, from integrated stores with omnichannel experiences, to franchise models, cooperatives, independent retailers, pure online players and SMEs. Wholesale¹³ ensures the supply of goods along the entire value chain, providing financing for their customers, especially SMEs, offering choice, storage, one stop shop solutions, logistical support, and efficiency and minimises risks relating to goods such as availability, quality, security of supply, financing and transport.

Undermining specific business models or reducing their competitiveness will:

- Decrease resilience that is achieved through diversity;
- Expose affected companies to takeovers, often by non-EU players;
- Increase market concentration; and
- Decrease equal access to products and services and increase risks of shortages and unavailability.

Legislative initiatives often fail to appreciate the crucial role of wholesale and retail in its diversity plays in strengthening the EU's resilience against shocks and disasters, from the local to the European level. The lack of appreciation of this, is an example of 'self-defeating legislation' that Draghi refers to in his report.¹⁴

The EU needs to appreciate that retailers and wholesalers can contribute to resilience where **the diversification of business models is encouraged and not undermined or self-defeated** by legislation.

Strong foundations cannot be neglected.

The COVID crisis and the creation of green lanes showed how much retailers and wholesalers are using the Single Market and the importance of crossing borders for both goods and workers. If we want a well-functioning Single Market with fair and free competition and resilience through diversity, we need to reverse the pan-European long-term trend of declining infrastructure investments.

Retailers and wholesalers need the EU to strengthen its **incentives and support for Member State investment in:**

- **classic infrastructure** (e.g. road and shipping infrastructure capable of managing large volumes and weights, increasing multimodal and low carbon infrastructure, etc.);
- **recycling and supportive infrastructure** to enable the circular transition (e.g. waste collection points, sorting and recycling facilities);
- **energy infrastructure** to enable decarbonisation (e.g. clean energy, upgrade of the grids, technological advancement);
- **digital infrastructure** (e.g. data hubs, 5G, cloud); and
- **data infrastructure** (e.g. develop G2B data sharing).

¹³ <https://www.eurocommerce.eu/6-wholesale/>

¹⁴ See the Annex and the failure of the proposal for a Regulation on combatting Late Payments to appreciate the role that wholesale plays in supply chain financing, particularly to businesses who do not have access to other financing instruments, and its offer of storage that helps manage stable supplies during supply chain shocks.

Challenge 2: Growing impact of climate change & opportunities of digital technology revolution and circularity

In the past few decades, our sector has been confronted with an ever-increasing rate of technological change. Large parts of our sector seized the new opportunities this circular and digital transformation provided. It enabled us to sell to customers more easily across the EU, innovate internally and across the value chain, provide more sustainable products, close the circle of our products and improve the customer experience. Online shopping and click-and-collect have become normal. Harnessing data has become the key to better matching our products and services to our customers' demands. New recycled raw materials are being developed. However, more is needed to scale and seize these opportunities.

At the same time, it is becoming increasingly clear that when it comes to climate change, we have entered a new phase. Prevention has evolved into mitigation. The speed of action to mitigate the effects of climate change must accelerate. In our sector, the need for sustainability fuels innovation.

Our sector can play a supportive role in moving towards:

- More sustainable and circular business models;
- Helping customers to make healthier and more sustainable choices;
- Creating markets for sustainable suppliers and service providers by increasing demand for sustainable solutions;
- Using our premises to generate clean energy (e.g. solar panels);
- Implementing and scaling up closed-loop recycling solutions;
- Using reverse logistics;
- Decoupling growth from resources consumption by substituting virgin materials with recycled and bio-based ones;
- Reducing waste;
- Creating market demand for secondary materials and fostering a Single Market for waste materials; and
- Developing strategies to accurately measure, report and reduce our Scope 3 emissions.¹⁵

Traditionally, industrial policy has a singular focus on the supply side of the economy, mainly limited to manufacturing. This completely overlooks the key role of demand in the economy. It ignores the vital role retailers and wholesalers play in analysing and satisfying that demand.

We provide a **ready market for innovation** not only directly in our operations (e.g. green transport, energy-efficient premises, etc.) but also in the daily lives of our customers (e.g. more sustainable/better-for-the-planet consumer electronics, clothing, and supply of greener construction and electrical equipment for home or office installations, more sustainable private label food choices).¹⁶ We need technology to come to the market quickly and clear rules on how to develop or sell certain products, including implementers of a standard essential patent.

Retailers and wholesalers need the EU to:

- **Broaden its industrial strategic focus, including the demand side in striving for future competitiveness.**

¹⁵ [New study reveals only 2% of retail and wholesale emissions are in sector's direct control, while Scope 3 accounts for 98% - EuroCommerce](#)

¹⁶ Our yearly [State of Grocery Retail](#), [Ecommerce Report](#), forthcoming State of Speciality Retail report, provide examples with our capability to move to net zero and advance circularity explained in our study, ["Sustainability, Digitalisation, Skills: Transforming EU retail and wholesale"](#).

- **Start recognising the untapped policy potential of retail and wholesale as drivers and users of green and digital innovation.**
- **Motivate the adoption of sustainable solutions by SMEs through flexibility,** avoiding prescriptive requirements and administrative burden.
- **Drive more sustainable transformation by unlocking investments** to foster, grow and improve high value-added processes and sustainable business models and create the market demand for secondary raw materials.
- **Create the conditions for companies to access affordable, sustainable and secure energy supplies.**¹⁷

Challenge 3: Growing investment, innovation, technological and compliance gap between EU and non-EU companies and lag of R&I to harness circular and digital transitions.

Public and private finance needs to be channelled more effectively to reduce the investment gap between EU and non-EU companies. EU Retail and wholesale are already lagging behind their US counterparts, where large companies are investing 3.6% of turnover compared to 6.7% in North America. It is estimated that retail and wholesale companies need to invest up to €600 billion between 2022 and 2030 in sustainability, digitalisation, and skills transformation.¹⁸ The Draghi report has highlighted that the EU as a whole needs to invest annually up to €800 billion.

Retail and wholesale are perceived as having sufficient and easy access to capital to invest. With margins typically 1-3% in food and 4-6% in speciality retail and wholesale, and bank interest rates currently are higher than these margins, affecting the sector's access to finance, the pressure to invest in the sustainability, digitalisation and skills transformation together with the costs and burden of compliance and fighting of crisis, has led to many companies struggling to invest. **Underinvestment is making our companies attractive targets for mergers and acquisitions by larger non-EU players, risking takeovers and further concentration.** There are also new opportunities for investment, for example, in sustainability collaboration now that the Commission's guidelines on horizontal cooperation¹⁹ and Article 210a Common Markets Regulation²⁰ are available.

With a renewed focus on defence, it is likely that more resources will be shifted away from helping retailers and wholesalers invest in transformation. **Solid foundations have been set in the joint vision for the industrial ecosystems created by the Transition Pathways.** The Commission needs to turn these visions into a reality by keeping the pressure on Member States to keep the momentum this roadmap has created. They should be foundation for the **Competitiveness Action Plan** that should be developed for retail and wholesale. We have already identified five key projects that show how retailers and wholesalers can advance their sustainability, digitalisation and skills transformation and help the EU achieve its goals.²¹

¹⁷ See [Supporting Energy Transition - EuroCommerce](#)

¹⁸ <https://www.eurocommerce.eu/transforming-retail-wholesale/>

¹⁹ <https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=celex:52011XC0114%2804%29>

²⁰ [EUR-Lex - 52023XC01446 - EN - EUR-Lex \(europa.eu\)](#)

²¹ <https://www.eurocommerce.eu/2022/10/transforming-the-retail-and-wholesale-sector-key-measures-to-support-europes-largest-private-sector-employer/>

Retailers and wholesalers need continued momentum on the Retail Transition Pathway:

- The adoption of a true **ecosystem approach** that ensures all relevant actors play their part and their roles, responsibilities and relationships are understood.
- **To use the Transition Pathways** to check if legislation promotes competitiveness and aligns with the vision and actions they contain.
- An **Industrial Forum that maintains its leadership role** in the implementation of the strategy, ensuring it is a place for solution-oriented discussions, not just reporting. Becoming a real forum to evaluate progress, key trends, challenges and opportunities facing businesses.
- Creating the **link to the Retail Transition Pathway to ensure greater coordination** of policies through the European Semester.

This creates an urgent need for stock-taking on the financial landscape. The EU should build on the recommendations of Draghi and the findings of the report on the Single Market by Enrico Letta²² on the impact of Single Market fragmentation, to develop a strategy that takes action on the challenges and opportunities of public and private finance for all industry including services.

To support retailers and wholesalers' investment, the EU needs to:

- **Turn the Letta and Draghi report into a true strategy that analysing and takes action to address the challenges and opportunities of public finance** (e.g. state aid, EU funds/public funds, public-private partnerships) **and private finance** (e.g. savings, banks, pensions) taking on board the recommendations of Letta and Draghi.
- Create a readiness to lend by **supporting banks to adapt their risk assessments.**
- Analyse why so **few companies in our sector** (compared to other sectors) **gain access to existing government support schemes and EIB funds**, and then **eliminate these barriers.**

Excessive administrative burden hampers our sector's capacity to invest and incentives/opportunities to innovate. The amount of legislation applied to retailers and wholesalers has exploded in recent years. This is because we supply millions of products in the market and offer a wide variety of services across a multitude of channels. Real societal benefits will accrue if the EU can find a better balance between a comprehensive regulatory framework and fostering innovation. Draghi's suggestions for a new competitiveness framework need to be advanced to ensure better policy coordination, matching of budget, self-constraint in legislation, better assessment of regulatory burden, stress testing of existing legislation, review stakeholder consultation and promote innovation. This requires understandable regulations with greater clarity, avoidance of overlapping rules, clear prioritisation of legislative acts, longer transition times for SMEs, and sufficient guidance materials and practical tools tailored to different segments and industries (with the need for guidelines assessed and prepared ahead of proposals).

²² <https://european-research-area.ec.europa.eu/sites/default/files/documents/2024-05/LETTA%20Report%20-%20Much%20more%20than%20a%20market%20April%202024.pdf>

The EU needs **to strike a better balance between regulation and innovation** to give more legal certainty and predictability for EU retailers and wholesalers to innovate, globally, nationally and locally in a business environment that enables decisions balanced with business risk. This means:

- **Focus more on implementation** and give **more room for non-regulatory approaches**.
- **Focus on stability** and give room for businesses to make decisions that fit with businesses that work with strategic plans over a longer term, not short-term vision.
- **Continue the momentum on the Transition Pathways** and use them as part of the 'competitiveness check'.
- **Develop legislation trackers** on the supporting online portals for the Transition Pathways. This will help businesses prepare for implementation and help policymakers monitor the cumulative burden.
- **Consult with stakeholders throughout the full development of initiatives**, increase the number of milestones where input is systematically collected, **and fully test all options before implementation** to spot unintended consequences in advance.
- **Ensure consistency and prioritisation of goals**, to stop legislation pulling in different directions with no common thread.
- **Add a new focus on relevance** (e.g. sunset clauses) and removal of forced stagnation (e.g. lack of legal certainty, slow guidance, etc.).
- **Learn from experience** (incl. previous mandates) and **use our better regulation checklist**.²³
- **Use AI tools** (e.g. **adapting what has been developed by Deloitte**²⁴) **to check the degree of variation between a proposal and the final text agreed by co-legislators, and to test the quality of impact assessments**. Testing the assumption that the higher degree of variation comes from too little time spent preparing a legislative proposal, the origin of a proposal or the basis for agreement (e.g. qualified majority vote, unanimity), will help improve legislative quality by understanding why the co-legislative procedure leads to major variations (indicating issues with the original proposal and/or the procedure).
- **Develop initiatives that help all businesses particularly SMEs manage the regulatory obligations more efficiently**, by streamlining compliance processes, providing financial support, offering expert guidance, implementing training programmes and developing digital tools to automate compliance tasks, to significantly reduce administrative burden.

Challenge 4: Demographic change and the risk of areas getting left behind

The EU needs to prepare for a reduction in the working-age population of 28.3 million people by 2050. Labour pressure is increasing for us with current shortages in IT specialists, lorry drivers, and in-store staff such as bakers, butchers and sales staff. These shortages will likely worsen, as we need an estimated 1.5 million additional people each year until 2030, while the EU working-age population is

²³ See Annex

²⁴ [Eindrapport Strengere richtlijnimplementatie en impact ondernemingsklimaat 2019-2023 | Rapport | Rijksoverheid.nl](https://www.rijksoverheid.nl/onderwerpen/impact-onderzoek/publicaties/2023/04/27/eindrapport-strengere-richtlijnimplementatie-en-impact-ondernemingsklimaat-2019-2023)

set to decline by over 1 million people a year over the same period.²⁵ Ageing populations will raise government costs while eroding the tax base. This will increase pressure on the working-age population, necessitating innovative, sustainable, employee-friendly ways of increasing labour efficiency.

We are a vital part of the EU's social tissue by providing local jobs, from capital cities to rural areas. For many people, we offer their first job as a launching pad for career progression, not only within our sector but also moving to other sectors. We are the largest private employer, offering over 26 million jobs across the EU. Over 99% of our companies are SMEs, employing two-thirds of our workforce.

Our added value cannot be fully expressed as a contribution to GDP, as we are part of the social infrastructure and form a strong bond with citizens, providing what they need to express their character, organise fun activities and support local communities, schools and neighbourhood events.²⁶ Where our presence fades, quality of life tends to decrease. Areas where we can no longer have an economically viable presence, risk getting left behind as populations move to vibrant communities with more job opportunities. If our sector keeps shrinking, as it did in previous years, it will be forced to recede from smaller towns, rural areas or inner cities, increasing polarisation and reducing opportunities and quality of life in these areas.

To prepare for the consequences of demographic change and to prevent areas being left behind, the EU needs to:

- **Prioritise investment in retail and wholesale through encouraging national programmes.** Our high investment in continually attracting and skilling up labour grows the skills base for the entire EU labour market, given our traditional role as the first private sector employer.
- **Recognise and support the opportunities in retail and wholesale** to enter the labour market, especially for those with less experience and education, or in need of a solid part-time job. We are one of the few sectors that provide high-quality jobs across the EU, also in sparsely populated areas. We are also a traditional stepping stone for career progression.
- **Prioritise work with cities and municipalities to develop an EU programme for the revitalisation of town centres, villages and rural areas,** which places retail and wholesale at its heart.
- **Increase understanding of automated technologies and the existing frameworks/safeguards created to support workers in taking on new roles and challenges** (including in the context of the green and digital transformation, labour market shortages and demographic change), building workers' confidence and increasing efficiency while also improving performance and job satisfaction. This should include encouraging an embracing of technologies that can help boost productivity growth including through a policy agenda that enables rather than hampers (e.g. through legislation) the take up of opportunities.

Conclusion

Looking beyond manufacturing at the services sectors and supporting retail and wholesale in a future competitiveness strategy that learns the lessons to improve regulation, will transform these challenges into opportunities for a stronger, more competitive, and more resilient Europe.

²⁵ [07330-inserts-for-eurocommerce-manifesto-jobs-03.pdf](#)

²⁶ <https://www.eurocommerce.eu/2-smes/>

Annex – Better Regulation Checklist

Delivering high impact, high quality, low-cost legislation.

1. **Practicability:** Map the practical consequences of legislation in advance examining what processes and practical steps that businesses need to take to comply with. Involve the public authorities as well as the cities and other regional and local actors, who will need to be involved in implementation from the start.

Lessons to learn:

- *Several guidelines will need to be adopted under the **Artificial Intelligence Act**²⁷. Some of them are also expected to provide clarity on provisions that will likely start being applicable in the upcoming six months (i.e. the one on the definition and the one on prohibited practice). Essential work will also need to be done on the guidelines providing concrete examples on high-risk AI systems. Providers and deployers of AI may be discouraged to invest in AI and other technologies if they do not know in advance what are the obligations they will have to comply with. This really risks hampering innovation and competition in the single market. Despite this and ahead of the guidelines, the Commission has announced in the mission letter²⁸ to Commissioner Designate Roxana Mînzatu **an initiative on algorithmic management in the workplace**. This implies there is a legal gap that is not covered by the AI Act or the GDPR before concrete examples are developed.*
- *The logical and proportionate division of responsibilities among economic operators has been ignored in **the Deforestation Regulation, Construction Products and Cyber Resilience Act**.²⁹ Making the distribution sector responsible when it is not in control of production, design or standards of products that it distributes, and does not first place it on the market, gives responsibilities that is outside the sphere of influence of the sector can take on. Responsibilities should be assigned in line with commonly applied and generally accepted division between producers, manufacturers and importers in EU product law as set down in General Product Safety rules. This similarly applies when responsibility is given to police the supply chain to distributors, when this should be the role of enforcement authorities.*
- *The **Corporate Sustainability Due Diligence Directive**³⁰ requires companies to set up a system to identify social and environmental impacts along their supply chain. As SMEs indirectly fall within its scope, they will need to check whether the supplier of a supplier is in breach of the requirements of the Directive, including compliance with 23 international human rights and environmental conventions. This needs to be done at the request of the larger business partner/distributor who is within scope of the Directive, with civil liability attached to non-compliance.*
- *Not receiving important tools from the Commission in time, such as the information system and the application interface application, as well as lacking essential guidance and clarifications necessary for businesses to comply with the **Deforestation Regulation (EUDR (EU Deforestation***

²⁷ [Excellence and trust in artificial intelligence - European Commission \(europa.eu\)](#)

²⁸ See: [mission letter](#)

²⁹ A joint letter was sent from EuroCommerce to Commissioner Breton together with other associations on responsibilities in November 2022.

³⁰ [Directive - EU - 2024/1760 - EN - EUR-Lex \(europa.eu\)](#)

Regulation))³¹ made it very difficult to meet the application date at the end of 2024 and resulted in a proposed amendment for an extension of the transition period by one year.

- Pursuant to the new **Ecodesign for Sustainable Products Regulation (ESPR)**³² a number of delegated acts will be adopted, establishing mandatory ecodesign requirements for products to be able to enter the EU market. The development of these delegated acts will be key – consultations to the **new Ecodesign Forum** and collaboration with the stakeholders therein will be crucial to develop scalable, feasible, impactful and efficient ecodesign requirements.
- The **Energy Performance of Buildings Directive**³³ introduces requirements for charging stations, pre-cabling and solar on buildings that also need to match with local conditions, including planning, mobility plans and structural and technical feasibility when introduced to existing buildings (e.g. underground car parks depending on load bearing capacity).
- The Commission adopted **restrictions on microplastics**³⁴ on 25 September 2023, which include an implicit ban on loose glitter. The measure entered into force 20 days later (i.e. 17 October 2023). However, the definition of glitter and what is banned or not is unclear. Despite the promise made by the Commission to provide guidance (initially expected by the end of 2023), the document was still awaited in October 2024.
- Pictograms and markings required for **the Single Use Plastics Directive**³⁵ were provided after the deadline in the legislation. This made adjustments in the supply chain harder and more complicated as economic operators waited for the correct specifications.
- The lack of impact assessment on **Article 6a of the Price Indication Directive**³⁶ meant the large variety of marketing practices across the EU were not considered, creating legal uncertainty among businesses.
- Several delegated acts and guidance will need to complement the **Packaging and Packaging Waste Regulation**. Some of them will be technical requirements that require close collaboration with the businesses.

2. Workability: Involve the companies and public authorities that will be affected by measures/controls/certification/monitoring to find out how, when and where the requirements need to be managed and enable them to plan the resources they need. Engage companies and public authorities in understanding how reporting will work in practice, developing single reporting tools as needed, working with them if new obligations arise in the legislative negotiations and ensuring public authorities have the infrastructure in place.

³¹ [Regulation on Deforestation-free products - European Commission \(europa.eu\)](#)

³² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1781&qid=1719580391746>

³³ [Directive - EU - 2024/1275 - EN - EUR-Lex \(europa.eu\)](#)

³⁴ [Commission Regulation \(EU\) 2023/... of 25 September 2023 amending Annex XVII to Regulation \(EC\) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals \(REACH\) as regards synthetic polymer microparticles \(europa.eu\)](#)

³⁵ [Single-use plastics - European Commission \(europa.eu\)](#)

³⁶ [Price indication directive - European Commission \(europa.eu\)](#)

Lessons to learn:

- *The transitional phase of the **EU Carbon Border Adjustment Mechanism (CBAM)**³⁷, which started on 1 October 2023, requires companies importing iron and steel, aluminium, cement, fertilisers and energy from most countries to extensive reporting obligations and data gathering. Traders, and as such the voice of importers, are excluded from being part of the EU CBAM Expert Group which has been exclusively created for EU producers irrespective that importers need to comply with CBAM. The possibility of using default values to calculate CO₂-emissions has been widely abolished since 1 July 2024 also exacerbates the situation.*
- *An upcoming set of amendments to the **Common Market Organisation Regulation** was announced by the European Commission following weeks of protests by farmers in a ‘non-paper’ (i.e. a non-public letter) to the European Council. The proposals have so far been subject to no open public consultations among stakeholders.*
- *The **CESOP legislation tackling VAT fraud in ecommerce**³⁸ requires payment service providers to store 7 years of data for cross-border e-commerce transactions if done more than 25 times a month with the same counterparty. This reporting/data storage requirement will have a high cost for payment service providers to comply with, which they will eventually charge to their customers, the merchants such as retailers and wholesalers.*
- *The **Ecodesign for Sustainable Products Regulation (ESPR)**³⁹ introduces a **ban on the destruction of unsold goods, specifically apparel and footwear**, as well as an obligation on economic operators to disclose information on discarded unsold consumer goods. The first disclosure is expected to cover unsold goods during the first full financial year after the ESPR comes into effect (year 2025). However, secondary legislation on the reporting obligations will not come until 12 months after the entry into force of the ESPR. Companies need clear reporting rules that lay down adequate timelines and clarify reporting format and a standardised methodology.*
- *The ongoing revision of the **Waste Framework Directive** introduces an **extended producer responsibility (EPR)** scheme. Being a Directive, companies will face the rules being phased in through 27 different EPR schemes with different reporting obligations, requirements, scope. To be able to develop the needed European secondary raw materials market and to avoid distorting the Single Market, more harmonisation and interoperability are urgently needed.*
- *The **Market Transparency Regulation** has been amended to reduce the frequency retail data is provided from weekly to monthly for some products because the collection of retail buying prices was found to be too difficult.⁴⁰ While this reduction in reporting requirements is welcomed, there are other problems with the data collection. In particular, there is an underuse of the data by some Member States leading to the Commission searching for ways to encourage use of the data that companies are mandated to report.*
- *In the Netherlands, **rules for organic products**⁴¹ require providers to maintain detailed records such as packaging slips, certificates and separate bookkeeping. They must also take extensive measures to stop organic products being mixed with other products that ironically encourage the use of more*

³⁷ https://taxation-customs.ec.europa.eu/document/download/c4b208a6-3945-4dcd-84d3-5f9551578851_en

³⁸ [Tackling VAT fraud in e-commerce - CESOP - European Commission \(europa.eu\)](https://ec.europa.eu/commission/presscorner/detail/en/ip18_1111)

³⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1781&qid=1719580391746>

⁴⁰ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14082-Agricultural-markets-obligation-to-notify-information-on-prices-and-other-data-adjustments-_en.

⁴¹ [Door Skal ingerichte Certificeringsplicht biologische producten onwerkbaar en kostbaar | Vakcentrum](https://www.vakcentrum.nl/door-skal-ingerichte-certificeringsplicht-biologische-producten-onwerkbaar-en-kostbaar)

plastic packaging. This is a deterrent and comes at an annual cost of €5,000 to €15,000 per company, on top of the one-off costs for the first certification (c. €4,000).

- 3. Capability:** Involve the companies that will be affected by targets to find out how feasible they are to reach, how long they will take and what are the consequences - not leaving this to a political decision.

Lessons to learn:

- *It is assumed that existing acceptance infrastructure will be used to roll out the **Digital Euro**⁴² and **European digital identity wallet (EUIDW)**⁴³. However, merchants including retailers and wholesalers need to be consulted to ensure that this will work in practice. The current payment terminal landscape is centred around card-based payments using the EMV standard from Mastercard and Visa. Only very modern terminals (Android based) could have a separate digital identity or digital euro applications in addition to normal card based payments. The same applies when you consider how transactions will flow from stores to the back-end of Payments Service Providers.*
- ***Food waste legislation**⁴⁴ imposed a reduction target for retail and wholesale that is combined with consumers. This is irrespective of the fact that retail and wholesale contribute less than 7% and has no control over consumers' behaviour. At best it can only encourage consumers. This misses what would be more effective, such as removing VAT on donations that could create the right incentives and achieve results.*
- *The **Packaging and Packaging Waste Regulation** introduces obligations related to reuse of packaging and restrictions for certain packaging formats. On reuse a provision on refill stations was added during the legislative process without an impact assessment. The regulation should support our members in their efforts and refrain from forcing businesses to use a specific reuse format such as refill at the store level, while other initiatives and innovations might be more appropriate to reach the stated objectives of more sustainable packaging. For the bans, further input from retailers and wholesalers is needed, as the restrictions come with conditions and exemptions that need to be clear and implementable to ensure that unintended effects like increased food waste and spoilage is prevented.*
- *The consequences of hard stops can lead to unnecessary stock destructions or market disruptions, which except in high-risk cases (e.g. acute risk to health), could be better dealt with permission to allow products already on the market to be sold until stock is depleted.*

- 4. Indirect effect:** Map consequences for those the rules are intended to affect, but also go a step further to examine how their practical application will indirectly affect other companies and their operations (e.g. considering what information is necessary, the interaction with the supply chain, etc.).

⁴² [Digital euro - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/Pages/infographic-digital-euro-2023-01-11.aspx)

⁴³ [EU Digital Identity Wallet Home - EU Digital Identity Wallet - \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/Pages/infographic-digital-euro-2023-01-11.aspx)

⁴⁴ [EU actions against food waste - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/Pages/infographic-digital-euro-2023-01-11.aspx)

Lessons to learn:

- The inclusion of low value gift cards in the **Anti-Money Laundering Directive**⁴⁵ deterred those that wished to offer these as an enticement to consumers – with no bearing on the overall goal of the legislation.
- Initiatives announced in speeches e.g. the **Forced Labour proposal**⁴⁶, sets an unrealistic timetable for proper assessment of the indirect consequences before a proposal, especially where no impact assessment accompanies the measure.
- The strict payment terms imposed by the **proposal for a Regulation to combat late payments** missed the financial cost (estimated to be €2 trillion for the whole economy) and the consequences of that financial gap. This blind spot undermined the viability of SME retailers, the value proposition of wholesalers who were willingly offering supply chain credit and created market entry barriers. It also strengthened the position of large suppliers and online intermediation (particularly those of non-EU origin).⁴⁷
- A **complete or partial surcharging ban for payments**⁴⁸ has the indirect effect that it reduces competition and increase consumer prices and, in the end, makes the most expensive payment methods stronger.

5. **Competitiveness check:** Map consequences for those the rules will affect vis-à-vis relative competitiveness within the Single Market, and with third countries. This requires a big-on-big, small-on-small approach and better coordination between Commission services.

Lessons to learn

- **The EU Strategy for Sustainable and Circular Textiles**⁴⁹ contained 24 measures aiming to create a greener, more competitive sector is spread across multiple initiatives. The sustainability-related and social aspects of the textile sector are addressed in complex horizontal regulatory proposals including the Corporate Sustainability Due Diligence Directive (CSDDD) and the Ecodesign for Sustainable Products Regulation (ESPR), which introduces the Digital Product Passport to digitalise product information. The Empowering Consumers Directive and the Directive on Green Claims will soon regulate the communication of voluntary sustainability claims, while the revised Waste Framework Directive will address the basic concepts related to end-of-life management.
- The **Farm to Fork Strategy**⁵⁰ contained 27 measures. Some legislation did not even make it through the mandate such as sustainable foods framework law, food information and animal welfare. If the strategy is over-ambitious for the law makers to develop, it will be over-ambitious for the companies to implement. On the other hand, it also encourages Member States to take action themselves. This fragments the Single Market and can in fact undermine it, like the Romanian ban on Nutri-Score.

⁴⁵ [Anti-money laundering and countering the financing of terrorism at EU level - European Commission \(europa.eu\)](https://ec.europa.eu/anti-money-laundering/)

⁴⁶ [Retail and Wholesale committed to making forced labour history, but needs consistent EU rules - EuroCommerce](https://ec.europa.eu/eurocommerce/retail-and-wholesale-committed-to-making-forced-labour-history-but-needs-consistent-eu-rules/)

⁴⁷ [Late Payments - EuroCommerce](https://ec.europa.eu/eurocommerce/late-payments/)

⁴⁸ [Surcharging will benefit consumers - EuroCommerce](https://ec.europa.eu/eurocommerce/surcharging-will-benefit-consumers/)

⁴⁹ https://environment.ec.europa.eu/publications/textiles-strategy_en

⁵⁰ [Farm to Fork Strategy - European Commission \(europa.eu\)](https://ec.europa.eu/farm-to-fork/)

- In the proposal on **promoting repair and reuse of products**⁵¹ new obligations are introduced for sellers and manufacturers, but many products are produced outside the EU. Consumers can directly import products and the initiative leaves an open question on what happens when there is no EU producer and there are no spare parts, repair manuals or responsible operators. This lack of achievable enforcement is likely to make compliant products more expensive than non-compliant products and can encourage purchase of non-reparable products by consumers based on price. Enforceability of new rules on all businesses targeting consumers in the EU is critical to ensure a level playing field.
- The announcement of **new cross-border enforcement rules** prior to the completion of the evaluation of the **Unfair Trading Practices in the Food Supply Chain Directive**, risks undermining the rules on choice of law and court, and private international law, by creating special rules for cross-border enforcement for the food supply chain. Extra-territorial effect of laws that effectively prohibit international retail alliances and the renationalisation of sourcing (where a complaint is pending), undermines the competitiveness of retailers and wholesalers, reducing the benefits of scale and pressure that the EU itself has enjoyed through its joint purchasing of gas and vaccines vis -a-vis negotiations with international multi-national suppliers.⁵²

6. Retain flexibility where possible: Avoid too strict rules that are difficult to implement and disproportionately costly, by leaving space for flexibility on how and not being too prescriptive. Focus on final results rather than specific ways to achieve them and preserve a technologically neutral approach to regulation.

Lessons to learn

- The **mandatory acceptance of cash**⁵³ is not future proof nor offers flexibility for Member States to cater for local circumstances or preferences. It means that payments that are already digital or automatic will need to accept cash in the future. This also will come at a time when banks are reducing access to cash and the number of ATMs are in decline.
- The **Energy Efficiency of Buildings Directive**⁵⁴ require retailers to invest in charging stations for e-vehicles for a substantive share of their car parks. One country has extended the obligation to install solar panels on car parks. These investments remove the flexibility of retailers and ignores the fact that there can be a business case in investing in charging stations or solar panels, which before it became law could also be supported by public finances or incentives. Where Member States choose to accelerate compliance with earlier deadlines, this causes logistical, infrastructure and cost problems. In Spain for example, the transposition of the Directive⁵⁵ meant Spanish retail companies had to introduce 20,000 electric vehicle charging points in less than 8 months.
- The **Urban Waste Water Treatment Directive**⁵⁶ introduces extended producer responsibility. The producers of pharmaceuticals and cosmetics are required to contribute to the cost of treatment, and extended producer responsibility applies to pharmaceutical distributors if they place products on the market of a Member State for the first time, even if the product had already been placed on the

⁵¹ [Making repair the most attractive option for consumers and retailers \(eurocommerce.eu\)](https://eurocommerce.eu)

⁵² See - [Retail and wholesale in the agri-food supply chain - EuroCommerce](#) and [Unfair trading practices: focus on facts, not haste! - EuroCommerce](#)

⁵³ [For retailers 'cash' is not always 'king' - EuroCommerce](#)

⁵⁴ [Directive - EU - 2024/1275 - EN - EUR-Lex \(europa.eu\)](#)

⁵⁵ Spanish Royal Decree 29/2021 of 21 December 2021.

⁵⁶ [Carriages preview | Legislative Train Schedule \(europa.eu\)](#)

market in another Member State. In smaller Member States (e.g. Estonia) the burden of producer responsibility falls onto a few actors in the market, creating an unreasonable financial burden, and gives no flexibility to Member States to consider national specificities that could share the burden with other downstream actors. Such discretion would meet the objectives of the polluter pays principle but without unintended consequences for the availability, affordability and accessibility of critical medicines.

7. Focus inspection at the right level: If requirements are met by those at the beginning of the chain, they should be the focus of checks and inspections to relieve the pressure further down the chain. Responsibilities should be given to the person best placed or who is in control, with consistent legal definitions used.

Lessons to learn

- In the proposal for **Empowering Consumers for the Green Transition**⁵⁷ and for dual quality products under the **Unfair Commercial Practices Directive**⁵⁸, the responsibilities on economic operators are not clear. Retailers are covered by the concept of trader, which is the economic operator that sells directly to a consumer. However, this could also be a producer (in the role of a retailer) or other service providers like booking, rental and gaming websites. In this sense, a pure retailer is dependent on the producer to ensure a product is compliant and all the relevant information is correct, and responsibilities should be distributed accordingly.
- The **proposal on promoting repair and reuse** borrows elements from the product law hierarchy⁵⁹ but places producer obligations on distributors, by copying the definition of producer of the **Ecodesign for Sustainable Products Regulation (product law)**. This is irrespective of the fact that the purpose of promoting repair and reuse is not for competent authorities to identify the responsible operator on the Union market, but for the consumer to know who should provide repair. These mismatches undermine, for example, the purpose of e.g. **the Market Surveillance and Compliance of Products Regulation**⁶⁰ that aimed to streamline obligations so economic operators did not have to check over 30 pieces of EU product law to understand what their obligations were.

8. Avoid duplication: Map the practical implications of compliance and apply a once-only principle, so obligations only fall on one party to meet the objective and unnecessary duplication (e.g. more registrations) is avoided. Data that is already available to the EU should not be collected a second time. Work in harmony with what already exists, to avoid wide divergences in approach, and have at the forefront of mind simplification (e.g. through one-stop shops, the once only principle and development of tools to enable a single report (a single input/single reporting tool) to be used for all legally required purposes or that helps businesses find requirements and submit their responses⁶¹).

⁵⁷ [Directive - EU - 2024/825 - EN - EUR-Lex \(europa.eu\)](#)

⁵⁸ [Directive - 2019/2161 - EN - omnibus directive - EUR-Lex \(europa.eu\)](#)

⁵⁹ In EU product law, the hierarchy of economic operators includes the producer, the authorised representative, the importer, the fulfilment service provider and the distributor (i.e. retailer and wholesaler). In EU product law, the producer has the ultimate responsibility to ensure a product placed on the EU market is safe, the distributor is for instance obliged to make sure all the mandatory information is attached to the product but is not responsible for its veracity.

⁶⁰ [Regulation - 2019/1020 - EN - EUR-Lex \(europa.eu\)](#)

⁶¹ Similar to tools provided for non-EU businesses wishing to import products into the EU (e.g. [Help for My Trade Assistant | Access2Markets](#)).

Lessons learned

- According to the **EU Deforestation Regulation**⁶², non-SME traders need to submit due diligence statements which refer to the due diligence statements previously uploaded by the operator. This creates unnecessary duplication.
- An Implementing Act will define the harmonised labels and specifications relating to Article 11 of the **Packaging and Packaging Waste Regulation**. Where Member States act faster, for example in Spain where Spanish Royal Decree 1055/2022 will enter into force in January 2025 ahead of the EU mandatory requirements, could result in businesses duplicating or wasting efforts to comply if the requirements differ. The same result will occur as the Regulation permits Member States to go beyond the minimum harmonisation, leading to fragmentation of the Single Market made worse by goldplating that results in a maze of national requirements.
- The **Textile Labelling Regulation (TLR)**⁶³ is currently undergoing a review – this is a technical legislation to provide information on fibers composition. However, the Commission is considering introducing new labelling domains beyond the technical scope of the TLR and that are or will be addressed under other EU initiatives. **Regulatory coherence** is crucial to ensure a well-functioning policy framework, remove trade barriers and facilitate implementation by economic operators, especially avoiding duplication of obligations.

⁶² [Regulation - 2023/1115 - EN - EUR-Lex \(europa.eu\)](#)

⁶³ [Regulation \(EU\) 1007/2011 - European Commission \(europa.eu\)](#)